



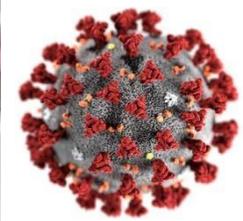
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## Economic Coordination Committee (Pakistan)



The Nation

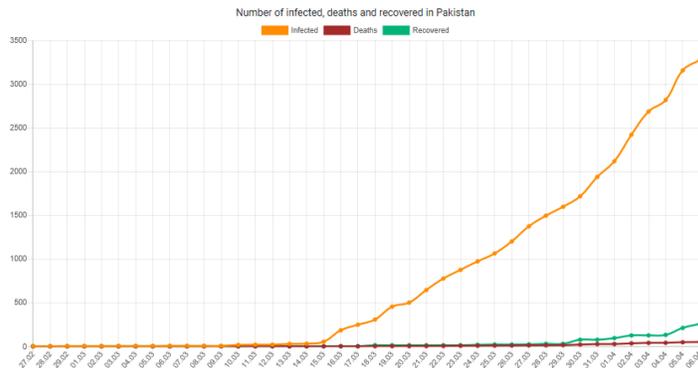


# Prime Minister's Stratagem for Coronavirus in Pakistan

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# Prime Minister's Stratagem for Coronavirus in Pakistan

With 22,263 active cases & 514 deaths<sup>1</sup>, Pakistan is fighting a corona pandemic war with cautious hope juxtaposed with the best preventive measures and medical treatment. Amid coronavirus crisis, a Rs1200bn relief package was announced by Prime Minister Imran



Khan to ward off the negative impact of the coronavirus on the country and the economy. The ECC meeting, chaired by adviser to the Prime Minister on Finance Dr Abdul Hafeez Sheikh, discussed current economic

affairs in country along with the packages to various sectors incorporating business working, tax scheme, daily wage labor, Afghan IDPs, construction and health precincts etc.

Federal Board of Revenue (FBR) released information regarding refund claims sanctioned through FASTER (Fully Automated Sales Tax e-Refund) system which is being developed for quick processing of refunds. In July 2019, refund claims amounting Rs. 59 billion were filed and FBR sanctioned Rs. 56 billion, which was 95pc of the claimed amount<sup>2</sup>. In March 2020, FBR sanctioned refunds of Rs. 25 billion to exporters. FASTER will be operational

Digital Pakistan

**COVID 19**  
**WHATSAPP HELPLINE**

SEND "HI" TO +92-300-111-1166

UPDATES - CORONA RISK ASSESSMENT - NEAREST LAB

IN 7 LANGUAGES

ENGLISH - URDU - PUNJABI  
PASHTO - SINDHI - BALOCHI - KASHMIRI

#PakistanFightsCorona

<sup>1</sup> John Hopkins University: Coronavirus Resource Center: Last Updated 5/6/2020, 10:52:24 AM.

<sup>2</sup> Business Recorder, Associated press of Pakistan: April 1, 2020

for tax periods July onwards. Moreover, FBR is striving for the timely payment of refunds to exporters facing liquidity issues.

Moreover, harnessing the power of digitalization, Government of Pakistan took another innovative step by launching 'WhatsApp Corona Helpline' people can send message just writing 'HI' to +923001111166 and in return they will get all Corona related information regarding latest statistics or locating the nearest Lab<sup>3</sup>.

Following packages were introduced to mitigate Coronavirus crisis:

### ECC approved Rs1.2tr relief package in wake of COVID-19

1. Package contains a Rs100bn supplementary grant for the **Residual/Emergency Relief Fund** in terms of Article 84(a) of the Constitution for provision of funds for mitigating the effect of the pandemic.
2. Assistance to 20.2 million people by providing Rs12,000 either in one installment or by giving in two installments of Rs6,000 each via the **Ehsaas Kifalat Program** partner banks "Bank Alfalah and Habib Bank Limited after biometric verification.
3. Rs72.9 billion will be provided through the **Benazir Income Support Program**



<sup>3</sup> Prime Minister's Office, Pakistan Twitter : Mar 30, 2020

under the “Ehsaas Cash Assistance Package in Response to COVID-19 Pandemic”.

4. The ECC approved Rs200bn of **cash assistance for the daily wagers** working in the formal industrial sector and who had been laid off as a result of the COVID-19 outbreak. (It was estimated that around 3 million workers would fall in this category and they would have to be paid a minimum wage of Rs.17,500 per month. The estimated cost of this provision for daily wagers comes around to Rs52.5bn per month)
5. The Federal Bureau of Revenue has been tasked to issue **Rs75bn in tax refunds**. It will enable to payback the sales tax and income tax refunds, duty drawbacks and customs duties which is due for the last 10 years. The amount shall help approximately 676,055 beneficiaries by improving their liquidity position.
6. ECC also approved **Rs50bn for Utility Stores Corporation (USC)**. USC has prepared an initial plan to deliver 9 essential food items at Rs3,000 for a family of two to four people through Pakistan Post Foundation Logistics Division.
7. As per the package, **the 2% tax on import of pulses has been abolished** and the withholding tax rate on spices, dry milk and salt supplies has been set at 1.5% for utility stores. Withholding tax on sugar, pulses and wheat suppliers has also been kept at 1.5%.
8. **Additional Customs Duty of 2%** on soya bean oil, canola oil, palm oil and sunflower oil and on these four oil seeds has also been exempted.
9. To procure 8.2 million tons of wheat during the current season, a sum of Rs280 billion is being apportioned.
10. Rs100 billion is devoted for **agriculture and SMEs sectors**.
11. The council approved **Rs30bn for textile exporters** as payment of duty drawbacks in the current financial year to improve their liquidity position.

12. The ECC approved **supplementary grant of Rs6bn for Pakistan Railways** to meet its expenses. The approved amount shall be utilized for paying salaries to 70,000 employees, repairs, paying for utilities and performing disinfectant sprays on platforms and inside trains for providing safe journey to the passengers.
13. The unveiled package also included a reduction in the prices of petrol, diesel and kerosene by Rs15 per liter.
14. A lumpsum of **Rs25 billion for National Disaster Management Authority (NDMA)** has been portioned out.

## Incentives to Industrial sector

Adviser to Prime Minister for Commerce and Textile, Abdul Razak Dawood announced that the government had offered up to Rs100 billion packages to the industrial sector as a support following current challenging situation of pandemic. Since government wanted to resolve the liquidity issue of industrial sector, Drawback of Local Taxes and Levies (DLTL) payments would be made, which were pending since 2009. The adviser said the government would pay Technology upgradation fund worth Rs 30 billion to the industrial sector. Total Rs 47 billion would be paid to the textiles sector in coming 100 days to support the major export sector of the country. Moreover, government would pay all the refunds including in Rs 200 billion packages to compensate the industrial sector in coming Budget 2020-21.

## Corona Tigers Relief Force

In addition to the relief packages, Prime Minister devised some further strategies to curb the current virus by creating “**Corona Tigers Relief Force**” which would help the administration and the armed forces in stopping the virus by providing food to doorsteps and will inform people on the safety precautions against the coronavirus. He added that young doctors, nurses, drivers and people belonging to any profession could choose to

become part of the force People can register themselves for volunteering in tiger force through PM Citizen Portal. PM added that a dedicated cell at the PM Office was monitoring the spread of the virus. Special assistant to PM on Youth Affairs Muhammad Usman Dar briefed that almost 10,000 women registered themselves on Pakistan citizen portal for Corona Tiger Force. Table 1 shows the number of participants across provinces.

Table 1: Corona tiger force province wise statistics

<b>Punjab</b>	6,28906	<b>Balochistan</b>	14,291
<b>Sindh</b>	154, 000	<b>AJK</b>	11574
<b>KPK</b>	<b>1,37306</b>	<b>GB</b>	5,963
<b>Federal capital</b>	14003	<b>Total</b>	9,59048 <sup>4</sup>

#### Responsibilities of corona Tiger Force:

- Helping corona viurs Patients in Hospitals
- Data Collection of Effected Labors community due to Corona Virus
- Reporting suspected cases of corona patients
- Managing funeral of died Patient (from coronavirus)



<sup>4</sup>Statistics of province wise corona tiger force was retrieved from <https://pakword.com/corona-relief-tiger-force-registration/>

- Identification of hoarding and overcharging prices of Goods,
- Identifying people violating SOP's/ corona rules of government
- Corona Tiger Force may be assigned any task by the concerned district administration
- Corona Tigers will work under the District Committee
- Corona Tigers will perform Duty under the Tehsil Level Committee.

## Relief Package for Construction Sector

Government also announced amnesty scheme for construction sector because many of the daily wage workers and other industries are connected to this sector. In addition, CPEC projects will meet deadlines despite COVID-19 pandemic since the first phase of CPEC was almost near to completion as 90 percent of projects were already commissioned and the remaining were only months away from the finishing point.

The relief Package states:

- All the people investing in the construction sector this year will not be questioned about their source of income.
- The tax amnesty scheme will be implemented by promulgating a Presidential Ordinance.
- The government has decided to amend section 111 of the Income Tax Ordinance to allow people invest their black money in construction sector.
- The tax rate will be fixed for the construction sector, and constructors will be charged tax per square foot or square yard (A salaried person is bound to pay up to 35% of its gross income as tax while under the fixed tax regime a textile mill owner pays only 1% of his gross exports as tax).
- All industries that are connected to construction will continue to function even during the lockdown.
- People carrying out construction in the Naya Pakistan Housing Scheme for the poor will only have to pay 10 per cent of the fixed tax.

- The government would exempt purchases of goods and services for construction purposes from withholding taxes that are currently charged under section 153 of the Income Tax Ordinance.

Adviser to the Prime Minister on Finance and Revenue chaired the meeting of the Economic Coordination Committee (ECC) of the Cabinet at the Cabinet Division and discussed the Ramzan relief packages amid pandemic.

### **ECC approved Rs2.5 billion Ramzan Relief Package**

ECC approved six technical supplementary grants<sup>5</sup>;

1. Rs. 842 million for paying off the Executing Agencies of the Prime Minister's youth loan scheme during the current financial year.
2. Rs. 90.459 million for Pakistan Nuclear Regulatory Authority, to help PNRA meet its obligations.
3. Rs. 5.00 million in respect of Punjab Rangers to enable Ministry of Defence to purchase spare parts for the maintenance of helicopter during the current financial year.
4. Rs. 2.074 million, received as grant from the US Embassy in favor of HQ Frontier Constabulary Peshawar for the construction of Frontier Constabulary Training Center at Michni Shabqadar.
5. US \$.1.5 million for the Ministry of energy to pay the legal counsels hired on behalf of the State in the international litigation case against Ms. Karkey.
6. Rs. 300 million in favor of Ministry of Information and Broadcasting to execute the communication campaign for the Ehsaas Program in the next three months.

ECC also deferred the Rs185 billion Ramzan package to electricity consumers.

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<sup>5</sup> Ministry of Finance Pakistan, Press release: 8/4/2020

## Prime Minister Corona Relief Fund

Government also planned a “Prime Minister Corona Relief Fund” account which will aid the pandemic affected people. The account will be opened in the National Bank of Pakistan for the people to donate generously with no fear of questions regarding sources of the funds. Moreover, the government will provide tax relief to the people depositing money in this account. The relief fund account number is “NBPAPKKAMBR-4162786786” which came into active on April 1<sup>st</sup>, 2020.

## Punjab Government relief

Punjab government announced a Rs 10-billion relief package for the poor strata of society besides waiver of Rs 18 billion provincial taxes. Sardar Usman Buzdar, Chief Minister of Punjab, made this announcement while addressing a media briefing on Saturday. He also announced an addition month’s salary for doctors and paramedic staff attending to coronavirus patients in the hospital in the province.

Chief minister highlighted that the government had decided to provide Rs4,000 per family to 2.5 million households which would cost the Rs10 billion. The government has decided to give Rs18 billion tax concessions to put the economy back on track after the end of coronavirus disease. It was highlighted about two biosafety level-3 (BSL-3) lab have started working in Jinnah hospital and PKLI and eight new BSL-3 labs will be functional at divisional level. The experts briefed the meeting participants COVID-19 found in Pakistan was quite different from the coronavirus of Wuhan and Iran.

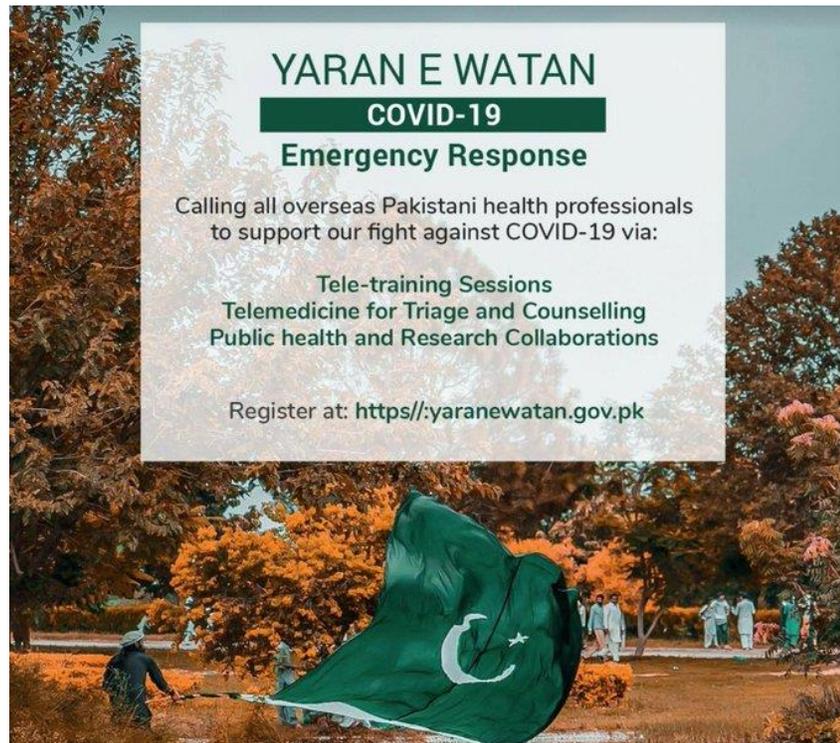
The meeting was further informed that a textile owner from Lahore has offered to manufacture PPE voluntarily and free of cost. The economic package will help the health sector and the PDMA cope with the crisis with an immediate funding of Rs11.5 billion and provide social welfare coverage of Rs10 billion to more than 2.5 million households with a monthly stipend of Rs4,000.

## Relief package for media workers

The Information Minister Punjab Fayyazul Hassan Chohan informed that government would pay Rs1 million to the journalists who are succumbed by the deadly coronavirus. While his widow would get Rs10,000 per month as pension for life. The provincial minister also said that government would pay Rs100,000 to any media worker diagnosed with COVID-19, while performing his/her official duties.

## Yaran-e-Watan

Government of Pakistan launched “Yarane-e-watan” initiative for the overseas health professionals to volunteer their services in Pakistan. This is a unique and one of a kind opportunity for the health workers and doctors to serve their country during these hard times of coronavirus pandemic.



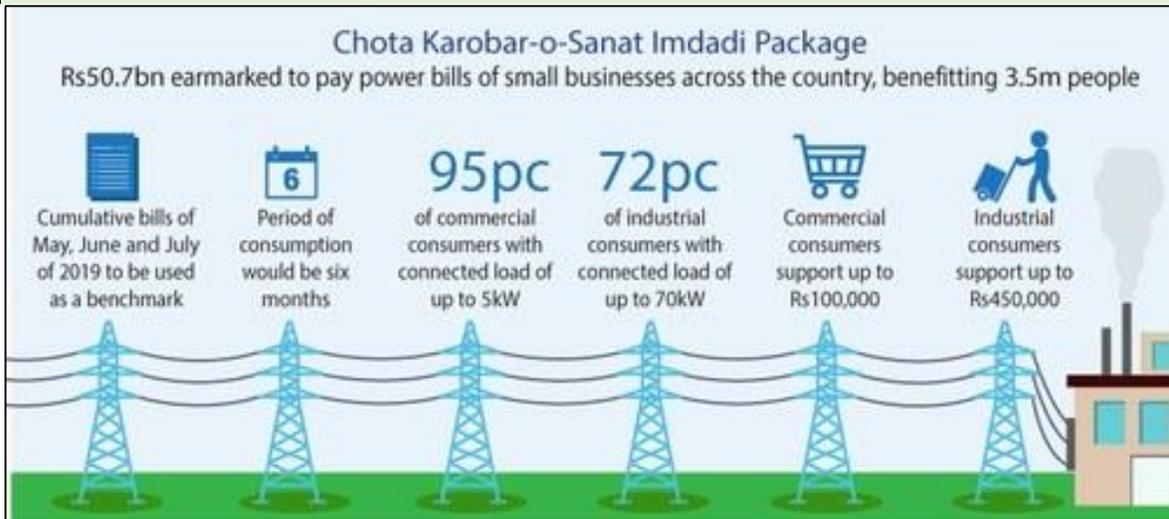
## Relief package for SME's

The Economic Coordination Committee (ECC) of the cabinet approved Rs50 billion support package for small and medium enterprises (SMEs). It also allowed negotiations with 11 countries for putting repayment of \$1.8bn debt on hold for about a year.

A meeting of the ECC was presided over by Adviser to the Prime Minister on Finance and Revenue Dr Abdul Hafeez Shaikh and approved Rs3.02bn additional funding for fencing the Pakistan-Iran border on the demand of the Ministry of Defence.

Hammad Azhar, Minister for Industries and Production, told reporters that the Rs50.69bn package is being approved by the ECC and it would provide indirect cash flow support to the SMEs through pre-paid electricity. It would also benefit 3.5 million people across the country. He informed that cumulative bills of May, June and July of last year would be used as a benchmark to be financed by the government whenever these businesses start working. This government facility would remain available for 6 months.

The minister also pointed that scheme titled ‘**Chota Karobar-o-Sanat Imdadi Package**’ was prepared by the Ministry of Industries and Production in consultation with the Small and Medium Enterprises Development Authority (SMEDA) and it is targeted to cover approximately 95% commercial consumers with connected load of up to 5KW and 72pc of industrial consumers with connected load of up to 70KW.



The amounts will be credited to the consumer accounts of 3.2 million commercial and 350,000 to 400,000 small industrial connections. The Ministry of Finance also said that commercial consumers would be given support up to Rs100,000 and for industrial consumers, up to Rs450,000 for 3 months under this scheme.

The base period would be May-July 2019 for estimating electricity consumption and appropriate average will be used for meters whose electricity consumption data is not available for the full base period. For availing the facility, pre-paid electricity bills of three months or total bills of the base period will be required. The period of consumption of extended financial support would be 6 months starting from May-June 2020.

### **Packages for Azad Kashmir and Gilgit Baltistan**

The ECC also allocated Rs2.5bn block for Azad Kashmir and Gilgit-Baltistan and will be disbursed through special arrangement under the scheme. Ministry of Industries and Production is directed to introduce similar relief packages for the agriculture sector, including tubewells, as well as transporters and the microfinance sector.

### **Packages for daily wagers**

Hammad Azhar also said that government was also working on a loan package which incorporates loan withdrawals without security or collateral for small businesses once the two packages — Rs75bn for labourers and daily wage earners announced a few days ago and Rs50bn approved on Monday. Applications would be invited after it's full effectiveness.

### **Foreign Debt:**

The ECC authorized Ministry of Economic Affairs to engage with G20 countries for debt relief as announced by them for poor countries and formally start negotiations with 11 creditors for suspension of bilateral debt payable between now and June 2021. The meeting came to decision that agreements with bilateral creditors (G20 members) will be subsequently brought for ECC approval.

The overall debt relief would mean suspension of Pakistan's \$1.8bn payment to 11 countries from May 2020 to June 2021, incorporating principal loan and interest. These

amounts would then be built into the remaining repayment schedule. According to statistics, total payables to these nations amounts to about \$20.7bn under 155 loans.

Pakistan does not have any loan from the remaining 9 members of G20.

The ECC was informed that about \$415 million, including \$320m principal and \$95.3m interest, was due for payment in May and June 2020. Likewise, an amount of \$1.380bn, including \$1.178bn principal, would become payable between July and December. As such, total payable between now and December works out at \$1.795bn, including \$1.409bn principal and \$386m interest.

Pakistan's total debt payables to eleven bilateral lenders, between May 2020 and June 2021, stands at \$2.580bn. The biggest payment of this period is \$625m to Saudi Arabia, followed by \$615m to China, \$281m to France, \$578m to Japan, \$193m to the United States and \$148m to Germany. Other debt payables during this period includes \$73m to Korea, \$34.5m to Canada, \$21m to Russia, \$9m to Italy and \$ 1.32m to the United Kingdom.

The ECC also approved credit loss subsidy of Rs30bn as Risk Sharing Facility for State Bank of Pakistan's Refinance Scheme to support employment and prevent layoff of workers.

Under this scheme, financing would be extended to businesses with maximum sales turnover of Rs2bn. While government would bear 40% first loss on distributed portfolio (principal portion only) for eligible borrowers. In case of repayments, after being classified under the respective SBP prudential regulations as "loss" as per classification criteria, the banks and development finance institutions assigned limits under the SBP scheme would be eligible executing agencies.

## Cabinet banned export of edible items

An official press release on 29 April, 2020, stated that prime minister Imran Khan addressed a cabinet meeting and decided on the initiative of banning the export of essential consumer items, in order to ensure adequate food supply during lockdown. The minister also informed about continuity of Afghan transit trade but didn't mentioned about the edible items on the trade list with Afghanistan.

Moreover, export of anti-malaria drug called chloroquine is also halted till it gets approval by health ministry.

## Relief Package for Health Workers:

On 29 April, 2020, cabinet approved Shuhadaa Package for Corona healthcare workers. It was stated that any healthcare worker who dies while performing duties related to COVID-19 shall be entitled to same package as it is applicable to the government servants in cases of security-related deaths contained in the Shuhadaa Package. The announced package will be applicable in the domain of Islamabad Capital Territory (ICT), Azad Jammu & Kashmir and Gilgit Baltistan<sup>6</sup>.

## State Bank policy measures

The State Bank of Pakistan (SBP) responded to coronavirus crisis by cutting policy rate 3 times by a cumulative 425 basis points to 9.0 percent in the span of just 1 month. The SBP also introduced three refinancing facilities that aim at:

### Relief Package for Artists

Sardar Usman Buzdar, Punjab Chief Minister, approved financial aid for artists facing difficulties due to lockdown. As devised by Information and Culture Department, aid of worth Rs 15,000 to Rs 20,000 each will be provided to three thousand needy artists.

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<sup>6</sup> Retrieved from <https://pakobserver.net/cabinet-approves-shuhadaa-package-for-corona-healthcare-workers/>

- (i) Supporting the hospitals and medical centers to purchase equipment to detect, contain, and treat COVID-19
- (ii) Stimulating investment in new machinery and manufacturing plants
- (iii) Incentivizing businesses to avoid laying off their employees during pandemic.

SBP also introduced temporary regulatory measures to maintain banking system's soundness and to sustain economic activity.

- (i) By reducing capital conservation buffer by 100 basis points to 1.5 %
- (ii) By increasing the regulatory limit on extension of credit to SMEs by 44 % to PRs 180 million
- (iii) Relaxation of debt burden ratio for consumer loans from 50 % to 60 %
- (iv) By allowing banks to defer clients' payment of principal on loan obligations by 1 year
- (v) Relaxation of regulatory criteria for restructured/rescheduled loans for borrowers who require relief beyond the extension of principal repayment for 1 year
- (vi) For shoring up capital, suspension of bank dividends for the first two quarters of 2020.

With relief packages, SBP policies and strict actions against hoarders, the aforementioned packages announced by Prime Minister Imran Khan will mitigate the effects of coronavirus pandemic in the situation of lockdown. Many sectors including CNG, textile and poultry sectors are demanding relief packages for revival amidst lockdown due to ongoing pandemic. However, government is devising strategies to revive economy.

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